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September 22, 1997

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Subject: CC Docket No. 96-45

To Whom it May Concern:

Please accept these comments pertaining to the above-referenced docket number, by the parties listed below. We wish to provide comment pertaining to your Notice with respect to the potential for exhaustion of funds under School Access to discounts on Telecommunications charges. Specifically, we wish to address the following items upon which you have solicited comment, and restate your request, for purposes of reference and convenience:

- 1) Whether a "window" period should be established in which all beneficiaries filing within that period would be given equal priority. We seek comment on the length of the period in which any such window should remain open and as to whether there should be a "rolling" or ongoing series of windows, e.g., a series of two-week windows during which all beneficiaries filing within that two-week period would be given equal priority.

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COMMENT:

The Federal Communications Commission has solicited comment on this and other noted items in anticipation of the possibility that there will not be sufficient funds under current appropriations. Many are concerned that the current allocation process will result in most if not all of the funds flowing to 3-4 large states well-organized enough on the front end of the program to submit applications that will consume the entire appropriation. This unattractive possibility appears to be at least part of the impetus behind the solicitation of additional comment in the above-referenced docket number.

We believe that in light of the potential for exhaustion of the funds, a first-come, first-served basis of application is no longer viable. While such a system may work fine when the funds are in excess of the demand, it works very poorly when the demand exceeds the funds available, which is the case here. We would urge the FCC to study other criteria that could be applied in such a way as to maintain the goals of the Universal Service Fund, and prioritize funding for schools in rural, isolated, and high-poverty areas.

Unfortunately, the proposal for windows of opportunity immediately above will exacerbate, not alleviate this problem. The concept would undoubtedly result in better equity among similarly-situated schools and states (i.e., those with a structure in their educational system that promotes centralization of decision-making authority), but would do nothing to ensure that the funds are distributed to the benefit of children in every state, and particularly to rural states.

The possibility that the funds will be exhausted by applications from several largely urban states is not addressed by the proposal under number 1 above. Fair, equitable opportunity for access to the discounts should be provided to all states, not just those currently geared up to access and ultimately exhaust the resources of this program. Fair, equitable opportunity, by the way, does not necessarily mean an "equal" opportunity. The original, central purpose of the Universal Service Fund was to provide small, rural, isolated areas in the United States with access to affordable telecommunications. This remains the central purpose of the Fund today. It only stands to reason that the Federal Communications Commission should take whatever steps appropriate to ensure that the program to provide such access to schools and libraries should remain true to the founding principles of the Universal Service Fund. This cannot be accomplished through the proposal under number 1 above. A system of allocation must be developed that remains true to the original purposes of the Universal Service Fund, as more fully set forth below in response to question number 4 in the above-entitled docket number.

- 2) Whether to clarify that the rules of priority for distributing funds to schools and libraries set forth in section 54.507 of the Commission's rules, 47 C.F.R. § 54.507,

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apply to the \$1 billion available between January 1, 1998 through June 30, 1998. That is, if expenditures between January 1, 1998 and June 30, 1998 reach the level where only \$250 million remains before the \$1 billion cap is reached, the remaining funds will be distributed in accordance with the rules of priority.

COMMENT:

As specified above, the allocation of all funds on a first-come, first served basis was developed without the knowledge or suspicion that the funds might be insufficient to meet demand. Now that the FCC anticipates that the demand will outstrip the funds, a process of allocation for all funds should be developed that inserts fairness into the process in place of expediency. The cap trigger mechanism, of course, is too narrow to serve all school districts fairly with respect to the allocation of funds, as only those districts in the two highest poverty areas would qualify for any funding whatsoever. To summarize, the cap trigger mechanism may no longer work with the contemplation of insufficient funding of the program. A similar mechanism for distribution of funds, however, should be implemented with respect to allocation of all funds, not just those funds remaining when the cap is reached or anticipated.

- 4) We also seek comment on whether other methods might ensure a broad and fair distribution of funds, particularly at the earliest stages of these support programs.

COMMENT:

We strongly believe that a method or methods must be developed to ensure a broad and fair distribution of funds, at all stages of this program. With funds apparently failing to meet the anticipated demand for the program, a first-come, first-served process makes no sense whatsoever. Under such an allocation scheme, the best organized, most technologically proficient districts with existing technology will benefit to the detriment of those schools that need the funds and discounts the most. For example, the application process itself contemplates existing technological sophistication that simply does not exist in many school districts. The catch-22 presented by the application process demonstrates that the first-come, first-served process of funding will serve the haves and keep the have-nots where they are at this time. How, for example, is a district with no current access to the Internet to file an application in a timely fashion and compete with districts that currently have the hardware, software, technology staff and connectivity to file the application at the push of a button. The answer, under a first-come, first-served process of allocation of limited funds, is, simply put: Districts without current technology will not be able to access the funds, because the funds will be depleted by the time such districts are able to get sufficiently organized to file the application. This result must be prevented if possible.

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We urge the Federal Communications Commission to strongly consider adoption of standards that will result in a fair allocation of the insufficient funds. We strongly believe that whatever process is developed and adopted should replace the concept of first-come, first-served altogether. The process developed should start with the principle that the original purpose of the Universal Service Fund should be pursued and upheld. The process should incorporate some consideration of the number of pupils served. Stronger consideration, however, should be given to the classification of a district as urban or rural, as well as the poverty level in a given school district. The allocation of funds should be weighted to serve schools in rural areas, and to serve schools with a higher poverty index. The FCC may also want to consider expanding the notion of Alternative Mechanisms of determining poverty, as many schools either do not have a school lunch program, or have a program in which many eligible families choose not to participate. If the FCC develops its system of allocation in consideration of the basic principles and purposes of the Universal Service Fund, the resulting process will undoubtedly improve the chances of a fair, broad distribution of limited funds.

Respectfully Submitted by the Undersigned Individuals on this 24th day of September, 1997.

Montana EdLinc

By:


Lois Fitzpatrick
Chairperson

Representing the following Organizations:

Montana Library Association
Montana School Boards Association
Montana Small Schools Alliance
Montana Rural Education Association
Carroll College
Public Service Commission
Diocese of Helena